97-84044-4

Poliakoff, R.

Prospects of exportation of machine tools to Russia...

New York

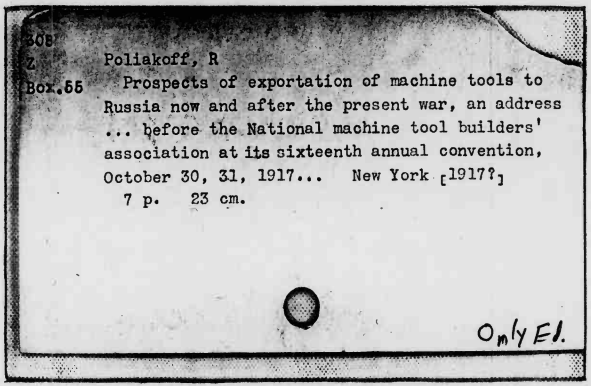
[1917]

97-84044-4
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD


308
Z
Box.55
Poliakoff, R
Prospects of exportation of machine tools to Russia now and after the present war, an address ... before the National machine tool builders' association at its sixteenth annual convention, October 30, 31, 1917... New York [1917?]
7 p. 23 cm.
Only El.

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35 mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-7-97 INITIALS: FB

TRACKING # : 21286

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Prof. E. R. A. Seligman

Prospects of Exportation of Machine Tools to Russia Now and After the Present War

AN ADDRESS

BY

R. POLIAKOFF, *Mechanical Engineer*

before the

National Machine Tool Builders' Association

at its

Sixteenth Annual Convention

October 30, 31, 1917

Hotel Astor

New York City

308
2
Pam 55

Prospects of Exportation of Machine Tools to Russia Now and After the Present War

By R. Poliakoff, *Mechanical Engineer; Assistant Professor of Mechanical Technology, Technical Institute, Moscow, Russia; Commissioner, Russian Government Purchasing Commission in U. S. A.*

Mr. President and Gentlemen of the Association:

It was with the greatest pleasure that I accepted the invitation of your president, Mr. Doan, to say a few words at your present convention on the prospects for the exportation of American machine tools to Russia now, and after the present war. The reasons are manifold:

Although I have been away from my mother-country for nearly three years (this long absence being interrupted only by four very short trips to Russia), I have not lost the habit of speaking before an audience, and I certainly feel very glad and grateful for the opportunity offered to me to give vent to this habit, especially in this case, when I have the honor to speak before an audience composed of the leading industrial men of the United States of America.

The subject of my speech, machine tools, cannot, in view of its importance, be paralleled by any other subject, no matter if one speaks of either peace or war times. I presume that you all share in the same creed, and agree with me that the progress of the human race and the very existence of it begins with machine tools and is closely dependent upon them. Therefore, one feels extremely flattered to be called upon to speak on a subject of such vast importance and far-reaching influence.

In considering the prospects of exportation of machine tools to Russia, we have to find out first if there are any such prospects at all. This is a most natural question, and

it can be answered only in one way—in the affirmative, of course. Russia became acquainted with American machinery many years before the war broke out, has learned their value, and has acknowledged their superiority, as compared with similar products of other countries. It is true that the amount of machinery imported into Russia from the United States before the war was considerably less than the number of machines imported from other countries, chiefly from Germany and England, but this fact is being accounted for by specific reasons, some of which are as follows:

In the last two or three years preceding the war the import of machinery to Russia amounted approximately to from $4,000,000 to $5,000,000. About three-fourths of the import, to the value of $3,500,000 originated from Germany, about $1,000,000 from England, and about $1,000,000 from the United States. I do not deem it necessary to point out why Germany obtained the bulk of the business. It has been explained on many an occasion, and it is being pointed out every time one refers to the past superiority of Germany, in any line of industry, be it machine tools, or just buttons for ladies' waists. However, with reference to machinery in particular, we have to point out the following specific reasons:

While there cannot be the slightest doubt that in most cases the German machine tools were of inferior quality, it, however, served the purpose quite satisfactorily, supplying the ordinary user with a cheaper machine. Some places in Germany made quite a specialty of cheap lathes, for instance, the Chemnitz districts in Saxony, which turned out lathes in big quantities and at cheap prices. If some of you ever happened to be in Chemnitz you probably have seen these factories, employing cheap labor, getting their castings from another factory, supplying with beds a number of shops, etc.—circumstances which allowed the Chemnitz manufacturers to sell a 16″ lathe, with an extra treadle drive, at $170.00 in Moscow, freight, duty and agents' commission all included.

It is noteworthy that the types of the German machinery were so to say inspired by the United States product, and in many a case they were an imitation, a copy, of the American machine, yet they were better adapted for the sale. An instance which I am going to cite now will make clear to you how this was attained by the German manufacturers.

Take a bolt and rivet forging machine of certain size, which is classified by the American manufacturer for making rivets up to say 1″ diameter. The German manufacturer took this machine, copied it, but specified that it is capable of producing rivets up to 1¼″ or even 1½″ and so he was able to produce a machine which was considerably cheaper than the American machine of 1½″ capacity. But the German manufacturer often turned out to be victorious also in the practice of using the machine. Why? Because a 1½″ machine is not always used to produce 1½″ rivets, more often it is used for making rivets of smaller size, which work the German machine naturally withstood all right; and if a breakdown sometimes occurred to the machine when worked on 1½″ size, well, the metal might have been too cold or too strong, so far as tensile strength was concerned, etc., and finally the Russian user, not going too deep into the whys and wherefores, simply reinforced sometimes a certain part of the machine which he found to be too weak when called upon to work on the limit size, and when this was done the machine was all right, after all. You all know that the best German machine tool building concerns were manufacturing their machines on American lines; take, for instance, the firms of Ludwig Loewe & Co., in tools for machine shops; De Fries and Hasenclever in machines for the forge shops; Pittler, in their automatics, etc.; but naturally they produced them cheaper than the corresponding firms in the United States. They were all nearer, so to say, so far as means of communication and intercourse were concerned, and naturally succeeded more easily in doing business with Russia than other countries, the United States included.

There is one more reason which ought to be mentioned here; after all, taking everything into consideration, you, American manufacturers of machine tools, at least the majority of you, to be just to the minority, did not look after export business, did not care much about the export trade, and in cases when you did care, you wanted the Germans to do all the bother for you, you only wanted to receive the checks. While this may have been a good business policy in ante-war times, it cannot hold good now, and especially after the war. Not having attended personally to the Russian export market you did not get any knowledge of it, and if you really now want to enter the field, you have to do so afresh, without any previous experience, this latter having been buried in the offices and heads of your former German agents. This was, so to say, your first pre-war mistake.

Let us now see what happened during the war.

The war created of course an enormous demand on machine tools in all the warring countries, in Russia among them. The former supply of machine tools to Russia, *i. e.* Germany having been cut off, all eyes and hopes were turned towards England, the ally of Russia, and the United States. England could not satisfy all the Russian wants, though she did satisfy many, and America was therefore called upon to give the balance, but here again the American manufacturer made the same mistake which he had made before the war; he allowed a number of responsible and irresponsible persons to act for him, and in many cases these persons did not act as they should have acted.

For example, promises were made which evidently could not be fulfilled under any circumstances. To illustrate: In May, 1915, a certain young Russian Ceramic Engineer applied to me in Moscow asking me to help him get a position in his specialty. At that time I had no such position for him in view. In July, 1915, I met him on the main promenade in Petrograd, and asked him how he was

getting along—"Very well," he said. "I now sell lathes." "Lathes?" I was surprised. "What has this to do with ceramics? Whose lathes do you sell?" And he mentioned an American firm, which for my illustration we shall call East Kent. "I can offer you one hundred lathes a month, delivery starting next September." A few days later I went to London, came in touch with different dealers, and one of them offered me again 100 East Kent lathes a month, delivery starting next September. One day I went from London to Leicester, and visited there a certain manufacturer who also dealt as agent for some American machine tool manufacturer, and amongst his machines he offered me East Kent lathes at the rate of 100 per month starting next September.

I came to New York in August, 1915, called on a certain forwarding agent to arrange about some of our shipments. It turned out that he had in his office also a man who was selling machine tools, who offered me, what do you think? East Kent lathes at the rate of 100 per month, delivery starting next September. I did not order 100 lathes, but I ordered four to be delivered in October, 1915, and have not got them yet in October, 1917!

Here we have a case where the manufacturer had nearly as many agents as there were units in the advertised rate of his monthly deliveries, who all took orders for him without any chance of living up to the promises!

As another illustration of unsound business politics, I shall quote a few cases of another character.

A certain machine tool was being sold in this country for $3,300 f. o. b. New York. This price included also the dealer's commission. The price which the Russian agent charged for the same machine, with the consent of the manufacturer, was $4500 also f. o. b. New York, or more than 35% higher. For a Cincinnati lathe of well known make whose price was quoted by the manufacturer only about nine months ago as $1050, the Russian agent of the manufacturer charged $2375 early in 1916. Certain press

outfits costing not more than $17,000 per unit were charged by the manufacturer or his agent just double this amount.

Do you not think that cases like these discredit the American manufacturer, though perhaps and most probably so through no fault of his own but of his agent in whom, as in pre-war times, he confided blindly? Can one cite many cases when the American manufacturers sent their own men to Russia during the war, instead of dealing with persons and firms whom they did not even know? If such cases existed, and I know myself they did exist, they can be quoted mostly as exceptions proving the general rules.

The question naturally arises whether the same policy will be upheld after the war. There is not the slightest doubt that the demand for machine tools in Russia after the war will be very great. To understand this assertion, the following factors must not be lost sight of. First of all the rehabilitation of the regions, the devastation of which was so thoroughly attended to by the Germans, will have to be carried out as quickly as possible when peace permits. Apart from this, another perhaps even more influential factor is coming into play during the present war as a direct result of the revolution. To state it more plainly:

Whatever conditions exist now in Russia, which are not as hopelessly bad as they are pictured by some sensation seeking newspapers and newspaper correspondents and so-called eyewitnesses, the country is undergoing a process of regeneration and reconstruction, which will result in an average more democratic level of life than that which existed heretofore, and it can be accepted as an axiom, and statistics prove it, that in a democratic country the income per capita and also the needs which incomes create are much higher than in a non-democratic country.

By what means will these increased needs of the country be met? By importing everything she wants? Certainly not. This would be a financial fallacy, leading to bankruptcy. The debt of Russia is now large enough, and certainly it will be out of question for any form of govern-

ment still to increase it by allowing foreign goods to be imported in unlimited quantities, and in this way still more to turn down the level of financial stability.

. Russia has all the physical resources one can imagine, she has all the men and material wanted to transform these resources into useful commodities and pleasures of life and in order to decrease her indebtedness which can be done only through proper balancing of the export and import sheets of her trade ledger, she will have to start numerous factories right away, so to say, factories of every kind and description. No time must be lost in that, as there is no time for preparing herself to manufacture the machinery that is required to run the factories and everything directly and indirectly connected with them; and here again, as before, I must point out that whichever branch of industry you take in any country, whichever side of a progressive national life, the machine tool comes to the forefront as an active primary motive, as a generating, stabilizing and propelling factor. Machine tools are helping and will help us to win the war, machine tools will help us, and therefore we shall want them perhaps even more than now during the war to better our life after the war.

To summarize: 1. There is not the slightest doubt that Russia can be a good market for American machine tools after the war. 2. To avail themselves of this market, the American manufacturers have to be interested in it. 3. Provided such an interest will exist, the pre-war business policy of the American machine tool manufacturer will have to be changed, and a new policy substituted and adopted.

MSH 21286

END OF
TITLE